

DEPARTMENT <b>Corporate Services</b>	AUDIT REVIEW <b>Main Accounting (2023/24)</b>	FINAL REPORT ISSUED <b>6<sup>th</sup> November 2023</b>
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**BACKGROUND**

One of the main objectives of the main accounting function is the maximisation of the Authority's financial resources, and the establishment and monitoring of sound and efficient financial control within the Authority.

The Authority utilises Unit4 ERP as its financial management system. This is an integrated system that comprises the general ledger, accounts payable and accounts receivable modules.

The main accounting function is fundamental to the Authority and, as such, is subject to regular review.

**SCOPE**

The purpose of the Audit was to assess the extent to which there are adequate procedures and controls in place for the main accounting function, in particular:

- Recommendations in previous Internal Audit reports have been actioned;
- Adequate documented policies / procedures exist;
- Virements and journals are appropriate and authorised as expected;
- System balances are brought forward correctly;
- Financial management system access levels are appropriate;
- The coding structure is applied in accordance with recognised procedures.

**SUMMARY OF RECOMMENDATIONS**

The audit findings and recommendations are detailed in the attached Action Plan.

A summary of these recommendations by priority is outlined below:

Priority	3*	2*	1*	Total
<b>Number of Recommendations</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>

**ASSURANCE RATING**

The post review assurance level for systems relating to Main Accounting is categorised as: **HIGH.**

Internal Audit review – Main Accounting (2023/24)

Action Plan

Ref	Summary of Issue Identified	Recommendation	Priority Level	Planned Action Responsible Officer(s)   Target Date	Updated Position
1	<p><b>Virements</b></p> <p>The current virement documentation being utilised is a pilot form which was introduced in 2018; the form had been introduced pending the formal approval of an updated Budget Manual.</p> <p>Testing was carried out on a random sample of ten virements which identified the following:</p> <ul style="list-style-type: none"> <li>- two instances where the virements had been inappropriately classified as 'housekeeping virements'.</li> <li>- two instances where the virement form had not been completed with service area and budget manager details, as required.</li> </ul>	<p>The pilot version of the virement form should be formally approved and included in the updated Budget Manual.</p> <p>All virement forms should be completed in full, classified correctly and approved by an appropriate, designated authorising officer.</p>	*	<p>Agreed.</p> <ul style="list-style-type: none"> <li>▪</li> </ul> <p>Randal Hemingway, Head of Financial Services</p> <p>To be included within the next update of the Budget Manual – August 2024</p>	<p>To be included within the next update of the Budget Manual – August 2024</p>